

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Third Session — Nineteenth Legislature**

**Monday, March 30, 1981.**

**EVENING SESSION**

**COMMITTEE OF FINANCE**

**CONSOLIDATED FUND BUDGETARY CASH OUTFLOW**

**FINANCE**

**Ordinary Expenditure — Vote 11**

**Item 1 (continued)**

**MR. ROUSSEAU:** — Mr. Chairman, I would like to make one remark before I carry on. The Attorney General is better off to let us carry on and spend his time productively in constitution and energy problems, etc.

Mr. Minister. when we adjourned at 5 o'clock, you had been questioned on the SGI (Saskatchewan Government Insurance) investments and the take over of that portfolio as of January 1 this year. When you took that portfolio over from SGI, presumably you were given the documents, records, history, and information about its investments, how profitable it had been. where it had been, etc., etc. If I am correct in that assumption. I presume you would be happy to give us a copy of that report.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, I am informed that the Department of Finance did not evaluate the past investments of SGI. What we did was make some recommendations, which I outlined in earlier questions, as to the kinds of investments which might be made in the future. So there is not that evaluation the member is asking for. We have not done it; we are basically concerned with providing the services and expertise of the Department of Finance for future investments. We initiated doing that as of the beginning of this year, and we will be doing it in the future.

**MR. ROUSSEAU:** — Mr. Minister, you skilfully avoided my question. I did not ask you if you had evaluated the portfolio. I asked you if you had received a report from SGI on past investments. If so, from the comments you just made that you did not evaluate them, I have to presume you did, in fact, receive a report. You did, in fact, receive the history of the investments of the corporation for the past year or two or three or even five and, if this is so, that is what I would like to have. Do you have that report, and a list of those investments?

**HON. MR. TCHORZEWSKI:** — Once again, all we have received is the portfolio of SGI; we came up with a set of recommendations as to what should be its strategy for making the investments. We did not go into the history of SGI investments in the past; we are not involved with that, SGI is. I might add it has been involved in it not unsuccessfully. I don't have the report for 1980; I don't believe it has yet been tabled for SGI at this point in time, but I do have the report for 1979. You will find that investment earnings in SGI for 1979 were \$11,414,000, so I would assume from that the investments and earnings from those investments by SGI have been rather positive. I have no reason to believe that those investments will not be equally positive in 1980. When the annual report comes down we will all have an opportunity to take a look at it and make our own judgment.

**MR. ROUSSEAU:** — Well. Mr. Minister, I wouldn't be too anxious to brag about the investments, the results of those investments, or the profits of the investments of SGI. As you well know, the AAIA (Automobile Accident Insurance Act) portion of that was only \$6 million. Compare that with a province that does reasonably well with its investments. Let's take a look at the Manitoba one which, in its automobile segment, made over \$12 million in that same period of time. So let's not get carried away by the investments that they made on The Automobile Accident Insurance Act. That was not nearly what it should have been. Again, you're avoiding my question and not answering it. I'm not interested in how you are assessing the future, how . . .

**AN HON. MEMBER:** — The past.

**MR. ROUSSEAU:** — I'm interested in the past. That's exactly right. I'm interested in knowing what you received from SGI as far as investment portfolio is concerned, what those investments were and how successful they were, item by item (on a list of them). When you took that portfolio over, obviously you must have been given the list of those investments that were made by SGI in the past, over whatever number of years you care to talk about. What I want to know is not what you're planning to do in the future, but what happened in the past.

Then before I sit down I'm going to ask you this question. First of all, you handle the investments of different Crown corporations — pretty well all of them, I think you said. Earlier this afternoon you indicated how profitable these investments are and how well you have done. Well, I'm just looking here at the Saskatchewan Development Fund Corporation. I don't think it's one that your party or your government really wants to get into very deeply. I do, because when I look at the investments on that I see nothing but losses all the way, except where you bought three different common shares: the Bank of Montreal, the Canadian Imperial Bank of Commerce, and the Dominion Stores. They show a profit based on the market value at the end of December 31, 1980. The rest of them are all losing propositions. I'd like to know if this is typical of all of the investments that the Department of Finance is making on behalf of the Crown corporations.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, the finance critic is talking about market value. I think it is fair to say that any bond fund, with the way high interest rates have been, has seen a result where the market rate has been depressed. That in no way means that there is a loss on that bond. That is determined at the time of the sale of the bond or the maturity of the bond. The items you see there are certainly not indicating that at all. So it's not unusual for the Saskatchewan Development Fund to be indicating what it is indicating in its annual report. You will find that to be the similar case with any bond fund whether it's the Saskatchewan Development Fund or another bond fund that may be in the private sector.

**MR. ROUSSEAU:** — You didn't answer my question. first of all on the SGI portion. I had two questions there . . . (inaudible interjection) . . . Do you want to go back to that one? I have forgotten, too.

**AN HON. MEMBER:** — The question is: what did it look like in the past?

**MR. ROUSSEAU:** — He's right. What was that portfolio in the past? I've asked the question six times and you still haven't answered it. Hopefully, you'll give up one of these times and answer the question.

**HON. MR. TCHORZEWSKI:** — All I can provide the member with is a list of what was in

the portfolio when we took it over. We have not gone into the investments of SGI in years past. I've said earlier in the day that I would provide that information. I am being told by my officials, who have been working on this during the supper hour, that that is just about ready and we'll get it for you. We did not receive, nor did we do an evaluation of, all of the transactions that SGI had made prior to the involvement of the Department of Finance. That is the responsibility of SGI. If SGI officials were here, obviously they would be able to assist me in answering, but they certainly will be in the Crown corporations committee. You will consider the report which will deal exactly with the period of time, to a large extent, which the member is asking about. And I'm sure that at that time you will be able to get adequate answers.

**MR. ANDREW:** — My question, Mr. Minister, relates to page 116 of the estimates, your estimated budgetary revenues for non-renewable resources. I believe in your budget speech you indicated that cautious figure of \$603,140,000. Could you advise us how you arrived at that figure?

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, I have it here. In coming to the estimate of \$603.1 million, we have calculated the production in millions of barrels at 52.7 million, which I might add, is a reduction from our 1980-81 estimate of 57.5 million. We have calculated an average price per barrel of \$17.98, because you take into consideration what the federal government has indicated as policy for increasing the price of oil. We have royalties which will amount to (keeping all those previous numbers I indicated in mind) \$413.1 million. We are estimating that bonus bids should bring us about \$40 million. And there is an export charge flow-back, which was announced in the federal government's budget in October of \$150 million. So you will see a large part of the increase in the revenues from oil are the export charge flow-backs. I might add also that although we're estimating \$150 million in that, the federal government was estimating somewhere in excess of \$200 million. We're not confident that its estimates, as seems often to be the case, are very predictable ones and so we have been, as I have indicated in the budget, relatively cautious in estimating the revenues that we would be getting from oil.

**MR. ANDREW:** — So you're telling me than the price factor that you used is the price factor as set out in the national energy program?

**HON. MR. TCHORZEWSKI:** — That's correct.

**MR. ANDREW:** — All right. And what is your percentage cutback on production?

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, at one point last year, at the then rate of production, we would have achieved 60 million barrels. We are indicating in our estimates something substantially less than that, about 13 per cent less at 52.7 million barrels. That is roughly the present rate of production. So, you will keep in mind that there has been some reduction already because of some shut-ins and other kinds of factors which have influenced production. The present rate of production indicates that we are somewhere in that ball park.

**MR. ROUSSEAU:** — Mr. Minister, I want to come back again to investments. I want to keep coming back to different ones at different times, so please bear with me.

Under the Saskatchewan Heritage Fund you list, under marketable securities, some \$43 million worth of secured investments, but as of March 31, these are worth less than \$39 million, so you're indicating about a \$4.5 million loss. The first question I

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want to ask is (as you list \$11 million worth of other securities): will you give me a list of those other securities?

**HON. MR. TCHORZEWSKI:** — We have that. We'll get them for you. Rather than my going through the list we are going to arrange right away for you to get them, no problem.

**MR. ROUSSEAU:** — Will that be in a short while?

**HON. MR. TCHORZEWSKI:** — Today, I hope.

**MR. ROUSSEAU:** — Since I was expecting an answer, just give me a minute here before I get back to you. While we are waiting for that answer, would you indicate to me if you are handling the financing and investments for CIC (Crown Investments Corporation of Saskatchewan)?

**HON. MR. TCHORZEWSKI:** — Yes, we do their short-term investments and they're pension funds.

**MR. ROUSSEAU:** — Would you call the Prince Albert pulp mill a short-term investment?

**HON. MR. TCHORZEWSKI:** — No, I would not call that a short-term investment. That's an outright action by the Crown investments corporation.

**MR. ROUSSEAU:** — Do you have any knowledge of that transaction?

**HON. MR. TCHORZEWSKI:** — Yes, we arranged the financing.

**MR. ROUSSEAU:** — Since you arranged the financing of it, would you be interested in telling me how much you paid for it?

**HON. MR. TCHORZEWSKI:** — I recall the question. I indicated that we arranged the financing but I, as the Minister of Finance, am not involved in taking up the option of the Crown investments corporation of the Prince Albert Pulp Company. So that information I would not have with me.

**MR. ROUSSEAU:** — How much financing did you arrange for?

**HON. MR. TCHORZEWSKI:** — The order in council that was processed, in order to get the funding arranged, indicated that it was about \$160 million. That's what the financing was. That should not be taken as an indication of what sort of arrangements were between CIC (Crown Investments Corporation of Saskatchewan) and the party that it was dealing with. I'm only talking about the financing which we arranged and it is about \$160 million.

**MR. ROUSSEAU:** — That \$160 million was for the option that you're talking about?

**HON. MR. TCHORZEWSKI:** — The option was for CIC and then it arranged for the purchase.

**MR. ROUSSEAU:** — Well, I assume that if the Department of Finance arranged for a loan of \$160 million to CIC that you'd want to know some details of that loan. You'd want to know how and where it is spending it. Perhaps you could then indicate to us just

exactly what was spent for the option on the P.A. pulp mill.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, I think that is an item that's been talked about in this Assembly since the legislature resumed. I will only repeat what was said then: it would not be appropriate at this time. It would not be in the public interest to disclose at this particular time what the price was. As the members opposite well know, that's not any different from what would be done by any other company in the process of negotiating. The Crown investments corporation is negotiating with other parties who may be partners in the Prince Albert Pulp Company. While those negotiations are going on, I don't think it would be appropriate or wise. I think a member, who has been in business as long as he has, will know that and will agree that it would not be wise for me to disclose at this point in time what the purchase price was.

**MR. ROUSSEAU:** — Mr. Minister, obviously you're not very well informed about transactions of that nature. As a shareholder — and I believe, as a taxpayer of this province, that I am indeed a shareholder. I think all the rest of the people in this province are indeed shareholders of Crown corporation assets, acquisitions, and so on. If I hold shares in a public corporation in Canada, before any transaction takes place I am informed as a shareholder. Now, I don't know why the government opposite insists on being secretive with its shareholders about transactions that it is undertaking, either by acquisition or by sale.

Mr. Minister, for you to stand up and say in this Assembly that it is not in the public interest, that it is something you do not inform your shareholders of, is absolute nonsense. In any public corporation, take over, acquisition, sale — no matter what you want to call it — the shareholders are informed of the bids, of the subsequent bids. Furthermore, they are even advised by letter what they should perhaps do with the shares that they are holding, whether they should be accepting the offer or rejecting it. You cannot stand up in this Assembly and tell me that you are different in the sale or the purchase of a corporation when it is the shareholders or taxpayers' money that you are using.

If you made this open, if you made your bids, offers, rejections, and counteroffers, etc., open to the public, perhaps you would be getting some better bids. That is the way bids are made on the open, public market. That is why the shareholders are informed. Now, you tell me why the Saskatchewan government has to be secretive about the purchases or the sales of corporations which it wants to buy or which it wants to sell.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, simply put, we want to maximize our bargaining position. That is a corporate decision which has been made, and I would stand by that decision. I think it is important, and I think we have a responsibility and an obligation to the public to maximize the position CIC is in, in the negotiations it has undertaken and continues to undertake.

I think, contrary to what the member opposite is saying, that it is in the public interest to get the best deal for the people of Saskatchewan. That is what we are trying to do. What the member opposite is asking is that we disclose the purchase price in order that CIC's bargaining position is weakened. Therefore, what the result of that would likely be is the public would probably get less than it could get under the procedure we are following now. That is a simple argument which, I think, should be crystal clear. We want to maximize our position. and we are determined we are going to do that. If the deal had been made and we were expecting to run it alone and were not interested in working out a partnership as we are, then, of course, there would be no hesitation (I can tell the

member that now) in disclosing the purchase price. There would be no difficulty. But because we are in a position, at this particular time, of trying to negotiate the best possible deal, it would not be wise to publicly disclose what the purchase price is.

**MR. ROUSSEAU:** — Mr. Minister, I completely disagree with you, as will the taxpayers of Saskatchewan. You say you want to maximize your position. You say it isn't of public interest. You say that to disclose the purchase would be to weaken your position? I say to you that in every one of those cases you are completely wrong. Let me give you an example of a similar type of business which was sold within the last months—the Abitibi Pulp and Paper Company.

The first offer which was made for the Abitibi Pulp and Paper Company was for \$26.50 a share. Then the offer went to \$27.50, I believe; then it went to \$28, to \$29, and finally to \$32 a share. This happened only by having it open to the public and advising the shareholders. I can tell you those figures are accurate because I was a shareholder and only by doing it that way was the Abitibi Pulp and Paper Company able to arrive at the figure of \$32 a share.

Mr. Minister, only by advising the public of Saskatchewan, and the various companies which might be interested in the acquisition of the Prince Albert Pulp Mill, will you be able to raise your bid. You've indicated tonight that your purchase price was somewhere in the neighbourhood of \$160 million; I presume that to be correct. So, that information is now out to the public and to the interested purchasers. Perhaps you might now want to tell the other interested purchasers what your bids have been so far. Advise this Assembly what your bids have been so far and perhaps you will find that your bids might be increased substantially. By keeping it secretive, by keeping it hidden and keeping everyone in the dark, no one will ever know whether you got the best deal or the worst deal.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, I want to inform the House that I think it's public knowledge and every major forestry company in Canada knows that some portion of PAPCO (Prince Albert Pulp Company) is for sale, because we've said we're interested in a partnership. That would seem to me to be a pretty good incentive for those companies to realize that if they're interested they should be making sure there is an adequate deal. That is the position CIC is taking. How the announcement is ultimately made is something which obviously the minister in charge of CIC will be handling, because he is the minister in charge. Any suggestions which the member opposite wishes to make, I would certainly be most happy to pass on to him.

**MR. ROUSSEAU:** — Mr. Minister, I've just made a suggestion that you open the bidding so people know what is being bid. That's the way the private sector and the public corporations handle it in every instance. It's never done under the table or in backrooms or secretly.

You just indicated that a portion of this mill is for sale. Would you mind telling us what portion is not for sale?

**HON. MR. TCHORZEWSKI:** — No, I'm not aware of that; I'm sure that's part of the negotiations.

**MR. ROUSSEAU:** — You're not aware of which portion, but there are some portions which are not for sale — is that what you are saying?

**HON. MR. TCHORZEWSKI:** — Certainly. When you're in this type of negotiations, even that would be negotiable, and I'm sure it is.

**MR. ROUSSEAU:** — You've lost me somewhere. Are they all for sale or just some of them?

**HON. MR. TCHORZEWSKI:** — I think it's fair to say that we are interested in staying as a partner in PAPCO provincially. The level, degree or proportion of it is something that is negotiable. I'm sure that in the discussions taking place between CIC, its officials, and the various other people who they are talking to, the proportions are being discussed. I don't know what that is, and my officials certainly wouldn't know what that is. Once again, when you're discussing that corporation in the Crown corporations committee, it may be in a better position to give you that response.

**MR. ROUSSEAU:** — When you first mentioned "portion," I thought you were referring to the subsidiary plants. You have the chemical plant, the Meadow Lake sawmill, and the mill in Prince Albert. I don't know whether there's anything more to it than that. I'm talking about those three subsidiary plants. Are they all for sale or just some of them?

**HON. MR. TCHORZEWSKI:** — No, it's really a portion of the assets — a portion of the company. Whether it is broken down in each particular segment, I do not know. We're interested in the overall company. We're talking about a portion of the overall company.

**MR. ROUSSEAU:** — A portion of the shares, you mean? Or assets? But you won't reveal to us what part you want to retain, what part you want to sell, and for how much. I hope that the people of Saskatchewan will realize the disadvantage in which you've placed the government, the Crown corporation, and the taxpayers of Saskatchewan by not opening these bids up to allow various bids to come in or to increase from what they are at the present time. Only by that method will you get a better deal. I hope that the people of Saskatchewan will realize that, and realize that you do it in a totally different way than does the public sector.

**MR. ANDREW:** — Before 5 o'clock, Mr. Minister, I asked you a question with regard to the comptroller doing a full investigation into the management abilities and the systems in DNS (Department of Northern Saskatchewan). Can you advise me as to whether or not the comptroller has now completed his phase of that report? Is it in receipt by your department?

**HON. MR. TCHORZEWSKI:** — I'm told by my deputy that the comptroller has not yet finished his part of that report.

**MR. ANDREW:** — Can you give me some indication as to when it might be completed?

**HON. MR. TCHORZEWSKI:** — Apparently, it is hoped that it will be done in about a month.

**MR. ANDREW:** — Will it be done in about a month's time to the point where it will then be able to be released either to the public accounts committee, to the legislature, or to the treasury board?

**HON. MR. TCHORZEWSKI:** — No, it will be a report which will be done for the purpose of the consideration of treasury board.

**MR. ANDREW:** — So, how long will it then take from the time it gets to treasury board until it becomes a public document?

**HON. MR. TCHORZEWSKI:** — The report will be handled as expeditiously as we handle all such matters. I can't tell you that if we get it on day X, it will be done on day X plus Y. But it will be handled expeditiously. You have to keep in mind that it's an internal report that's being provided for the purposes of the government looking at its operations. I do not anticipate that, as is usually the case with an internal report, it is something which we will be issuing publicly. I will certainly consider, when we have reviewed the report's recommendations and so on, providing a report (although it was not requested, as I understand it, having checked into the public accounts committee of last year) on the issue to the public accounts committee.

**MR. ANDREW:** — What you're telling me, Mr. Minister, precisely is this: it's not going to be ready during this session of the legislature. Is that really what you are saying? It's going to be probably two, two and one-half, or three months before it's going to see the light of day?

**HON. MR. TCHORZEWSKI:** — I don't know that the member should be in a complaining mood about it, saying that it's taking some time. I happen to have some respect for the requirements of the public accounts committee, and the public accounts committee said it should be a very thorough study of the systems. That is exactly what we and the officials are doing, and it is going to take some time. I regret the member saying that the House will be finished its business in another month. That's very good news to me, but I can't determine it. Nor can I determine the amount of time it takes to do a thorough study and, I believe, as the member opposite does, that it should be a thorough study. I am told that it won't be ready for about a month (give or take some), at which time it will be directed to the Department of Finance and to the treasury board, and we will deal with it as quickly as we can at that level.

**MR. ANDREW:** — With regard to the question of time, Mr. Minister, quite frankly, the public accounts, as you know, are a year old. Then, when you take it past the next year, you are looking at almost four years before you arrive at a report that tries to address the question. Now, why should it take you a year to go into that type of investigation?

**HON. MR. TCHORZEWSKI:** — Well, first of all it takes time to get everything organized and to get the people organized and free them to do this kind of work. The study began in September: it has been taking, I believe, something like 10 analysts to do it, and that is not an insignificant number of people when there are a lot of other things that need to be done as well.

The report, as I have indicated, will be ready in about one month. If you take all of that into consideration, that's not an unusual length of time to do this kind of work, if you want to do it adequately. There certainly is no delay taking place. It is being done well and as quickly as possible, but it is also being done thoroughly.

**MR. LANE:** — I would like to direct a question to the minister in regard to government buildings. Perhaps you could explain to the House and the public how, for example (and I pull one out of the air), the T.C. Douglas Building would be financed.

**HON. MR. TCHORZEWSKI:** — A building such as the T.C. Douglas Building would be financed out of the Department of Government Services' capital budget.



**MR. LANE:** — Are there any buildings that would be financed through the Department of Finance?

**HON. MR. TCHORZEWSKI:** — No.

**MR. LANE:** — Would there be any buildings financed other than through government services or Crown corporations?

**HON. MR. TCHORZEWSKI:** — CIC will look after its own. The Department of Government Services looks after the building needs of the public service proper, and is financed accordingly. As I indicated, capital building requirements such as the T.C. Douglas Building and others are financed by the Department of Government Services.

**MR. LANE:** — You're saying CIC — did I hear you correctly?

**HON. MR. TCHORZEWSKI:** — Yes.

**MR. LANE:** — You're saying that CIC does the financing for those buildings for Crown corporations. Is that correct?

**HON. MR. TCHORZEWSKI:** — Yes.

**MR. LANE:** — Okay, when you basically have taken over the investments of SGI, would you take over the financing of the SGI headquarters?

**HON. MR. TCHORZEWSKI:** — Yes.

**MR. LANE:** — What about your investment in an office building and construction in Prince Albert? At the outset it was estimated at \$17 million, I believe. Would you take over administration of that investment portfolio? I'm sure that's going down as an asset.

**HON. MR. TCHORZEWSKI:** — The member would be much better off to ask those questions during the Department of Government Services because obviously that's within its area, but it will have been financed either by CIC or Saskatchewan Forest Products.

**MR. LANE:** — Well, okay. I'm just trying to get the general financing. Why would SGI be financing as an investment, for example, Saskatchewan Forest Products' building — another Crown corporation's?

**HON. MR. TCHORZEWSKI:** — I didn't say that SGI was financing Saskatchewan Forest Products' building.

**MR. LANE:** — Well, I'm going by the SGI annual report of 1978 where it says:

As part of the long-term investment program, the corporation is investing in an office building presently under construction in Prince Albert. To date, \$1.9 million has been expended of the \$17 million projected cost.

Now, I hear the hon. member over there say I'm out \$6 million. I strongly suspect I'm low in taking the \$17 million out of the annual report. But why, for example, would SGI — and I'm talking about the financing of the government generally — be financing another

Crown corporation's building. Really, would that not mean that's an indirect loan from SGI to Saskatchewan Forest Products? And would you have any idea what the term. that would be?

**HON. MR. TCHORZEWSKI:** — No, I would not have information as to what the terms may have been nor would there be any reason why I should have. But SGI, like anyone else, will invest in mortgages. There was likely a mortgage involved here and SGI would have purchased the mortgage. That's perfectly normal and not in any way irregular.

**MR. LANE:** — I am taking from that statement the assurance that SGI and Crown corporations information will be available subject to the usual defence of its not being in the public interest. If I ask the question about the buildings in Crown corporations committee, I hope that I'm asking it at the correct place. Now, what is the government's policy on the internal paper financing, for example, for one Crown corporation or one government agency buying from another? What's the policy? I look, for example, at Sask Tel or STC (Saskatchewan Transportation Company) in Crown corporations committee and find out that they've sold some assets to the Crown investments corporation. Now, what the Crown investments corporation is going to do with a couple of old buses, I don't know. We'll ask Crown investments corporation, but they've got them — I guess it's a fair deal for STC. But there's a great amount of government buying from Crown corporations which are in a little financial trouble — buying at a certain price to get cash back into the Crown corporations.

I can give you another example. The malting plant in Biggar is a prime example of that going on. Now, first of all, what is the government policy? And in each of these purchases is there an appraisal done? How are the assets valued when they are purchased or acquired in any way from one agency or Crown corporation by another?

**HON. MR. TCHORZEWSKI:** — In response to the member's question, I can indicate that any financial transactions that are made in which the Department of Finance might be involved would be at fair market value at that particular time.

As to the transactions which take place between Crown corporations, we are not involved, so far as I know. The Department of Finance would not be involved. Once again, that is something which the Crown investments corporation board would determine. That would be the agency and the minister who would speak for the policy of CIC.

**MR. LANE:** — I am assuming you are again telling me that, if we have any questions as to transfer of assets between Crown corporations, that will come under either the individual Crown corporation or the Crown investments corporation and we will not be met with the defence that it is under the Department of Finance. Is that correct?

**HON. MR. TCHORZEWSKI:** — As the member knows, when you are considering Crown investments corporation annual reports for the year under review, that question can be raised. I see no reason why they would not provide the information. I am sure that it will be available.

**MR. LANE:** — There was an indication opposite that the valuation of assets would be at market value, but let's face it, for most of your acquisition of assets there is no market determined. In fact, you have to go by appraisal. If you are trying to say to me that one government agency establishes the market price for another government agency, I think that is a rather strange position for you to take and I'm sure that's not the position

you are taking.

I'm prepared to go on a value of over \$10,000 because that is the public accounts figure. Are appraisals done where they are not sold on the open market?

**HON. MR. TCHORZEWSKI:** — Yes, I think maybe I was not clear in my earlier answer. We get involved only in the financial transactions. As to the market value of the security involved, we would not be involved in that; it would be determined between the parties involved and CIC.

**MR. LANE:** — Are there situations where the Department of Finance finances the transfer of assets from one Crown corporation or agency to another?

**HON. MR. TCHORZEWSKI:** — Yes, we could be involved. We would in most cases, if not all, finance any such requirements that might be necessary in those kinds of situations.

**MR. LANE:** — Would you be prepared to supply us with transactions whereby you financed the acquisitions of assets by any Crown corporation, agency, or government department in the last two years?

**HON. MR. TCHORZEWSKI:** — I am not sure we could provide that, because it is the CIC that determines the purpose for which the funds would be used, whether it is for capital equipment or what. Once we provide the financing, we don't look behind the scenes; that is done through CIC and the corporation involved.

**MR. LANE:** — I didn't ask you to look behind the scenes; I asked you for the information.

**HON. MR. TCHORZEWSKI:** — I can't provide that. The Department of Finance does not have that information, but CIC would have it.

**MR. LANE:** — You financed it — you mean you don't keep the records after you finance something?

**HON. MR. TCHORZEWSKI:** — I am sorry. If the member wants to know the amounts of money we provide through the financing for the corporations — yes, we can do that.

**MR. LANE:** — That was my question. I would like to know the amounts, and I would like to know the terms of repayment, if there are any.

**HON. MR. TCHORZEWSKI:** — What year?

**MR. LANE:** — I said the last two, and if SGI is involved, the last three.

**HON. MR. TCHORZEWSKI:** — Yes, that is very easy information to provide. We can go back two years, so we will provide it for the members opposite. We will look in *Public Accounts* and take it out of there, because that is apparently where it is recorded.

**MR. LANE:** — I believe the hon. member asked you about guarantees, but I wonder how the minister could explain with the sound financing of the government office, how one government department or agency would guarantee the financing or operations of another. My understanding is, concerning the movie "Who Has Seen the Wind" that Sedco was involved in, that in fact the Department of Culture and Youth managed to guarantee the financing. That is obviously an extremely strange type of financing to

have a lending agency loan money and then have it guaranteed, in fact, by another Crown corporation. Why, in something like that, wouldn't it be just stated that it is guaranteed by the particular corporation?

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, there are times when a government must consider the merits of any proposal that may come to it. We (and I remember that particular issue well because I was the minister in charge of culture and youth at that time) considered the investment in "Who Has Seen The Wind" and the spinoff that could come from that (and it did) with training of all kinds of Saskatchewan people in all aspects of the film-producing industry. We did see that. We were prepared to take the risk on whether it might become something that would be financially such that it made a profit and we did. We do not regret having made that decision. We guaranteed the loan that Sedco made at that time — obviously it's guaranteed by the provincial treasury through the Department of Culture and Youth — because it seemed then like a socially good project and one that was worth putting money into if we had to. We did indeed have to pay some money into it. I think the order in council went through in this fiscal year and we're satisfied that it was a good investment.

**MR. LANE:** — Well, I wonder why Sedco didn't? I mean Sedco is backed by the resources of the province of Saskatchewan. Why wasn't it confident enough in the project to be able to finance it? Why did they have to go to the Department of Finance, I suggest, or general government financing to get the backing and then funnel it back through the Department of Culture and Youth? I wonder why, as well, that at the time of questioning on that particular project — when the government assured everyone that it was a guaranteed project — they didn't come clean and tell people that it was a government project being guaranteed by the Government of Saskatchewan?

**HON. MR. TCHORZEWSKI:** — But I am not sure that there is anyone who did not indicate that. I, for one, as the minister in charge, made no bones about the fact that we were prepared to guarantee that kind of financing through Sedco. It was a socially good project. Therefore, we felt that as a government we had a responsibility to see that it would happen here in Saskatchewan. And we did. As I said before, I still think it was the right thing to do.

**MR. LANE:** — Would you be prepared to supply us with the order in council to which you just referred?

**HON. MR. TCHORZEWSKI:** — Yes, it's public. You can get it quite easily, but if it will assist the members opposite, I will ask someone to take a note and we will provide you with the order in council and any other information that may be useful to you.

**MR. LANE:** — Would there be any chance, for example, that the guarantee would subsequently be purchased by another government agency and discounted in any way?

**HON. MR. TCHORZEWSKI:** — Not that I am aware of.

**MR. LANE:** — Okay. Would the minister be prepared for, say, the last three years to supply us with all guarantees (and I believe the question had been asked by the hon. member) that the government generally would be undertaking?

**HON. MR. TCHORZEWSKI:** — Mr. Chairman. all those contingent liabilities are in *Public Accounts* and we can certainly provide them.

**MR. LANE:** — Are they the only contingent liabilities the government has?

**HON. MR. TCHORZEWSKI:** — I am tempted to say, "We hope so," but I am going to say, "Yes, indeed."

**MR. LANE:** — Okay. Where would you register, for example, or how would you account for a loan by Sedco to the project "Who Has Seen the Wind," and a guarantee by the Department of Culture and Youth? How does that enter? Is that under contingent liabilities, or is that a debt owed to Sedco which is guaranteed? Is it under contingent guarantees, or is it strictly a debt owed to Sedco?

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, I am informed that the culture and youth guarantee was not a statutory guarantee. It was an agreement which was with Sedco and the government through culture and youth. It provided that if there were not sufficient revenue raised by "Who Has Seen the Wind" to generate the kind of profit which would pay back this loan and the agreement for guarantee, the loan would be paid back. The experience has been such that, indeed, we have had to deliver on this agreement between culture and youth and Sedco (culture and youth on behalf of the government) and have done so this fiscal year 1980-81.

**MR. LANE:** — My question is: where does that show up? Does that show up under a contingent liability under the general financing of the government, or does that show up as a debt owed to Sedco?

**HON. MR. TCHORZEWSKI:** — It would show as an expenditure of culture and youth to Sedco.

**MR. LANE:** — If an expenditure was made, only. Okay. But if no expenditure was made, that guarantee would not show up then?

**HON. MR. TCHORZEWSKI:** — It was not a statutory guarantee, so it wouldn't show up as such. But if money were paid, you are right; it would show up as an expenditure.

**MR. LANE:** — I want all the guarantees of the last three years that would not show up one, or two years. I may go back a year. I'm going back a third year if it applies to SGI. I want to know all the guarantees that may have been entered into. Okay?

**HON. MR. TCHORZEWSKI:** — Sure, we can provide that for you. If you want us to go back two years or three years, obviously we're going . . .

**MR. LANE:** — Two, but if it pertains in any way shape or form to SGI, three years.

**MR. ROUSSEAU:** — Mr. Minister, in addition to the request by the member for Qu'Appelle, could I ask you to include in that the departments, the Crown corporations, agencies, and whatever guarantees were made by or to any one of the agencies, departments, or Crown corporations on behalf of one another or on their own behalf?

**HON. MR. TCHORZEWSKI:** — I'm not in a position to provide guarantees that may have been made by Crown corporations. I will give you the guarantees that have been made by the government. And I have so indicated.

**MR. ANDREW:** — Mr. Minister, a couple of weeks ago I asked a question to the Minister of Revenue, Supply and Services, which you took the liberty to answer. It relates to the income tax question raised by the provincial auditor with regard to the Department of Northern Saskatchewan (DNS). Are you prepared in your estimates to accept and answer questions with regard to that question?

**HON. MR. TCHORZEWSKI:** — I think, Mr. Chairman, that probably it would be most effective and most worth while if that line of questioning were directed when DNS was being considered. But, as best I can, I'd certainly be prepared to talk about it to some extent. I think it would be a lot more productive if it were done in public accounts, where I understand it has been raised and will be discussed because it is in the auditor's report. The point is raised by the auditor and the public accounts committee will consider the auditor's report. The officials will be there and, I think, will be able to directly (the member very well knows how public accounts work) provide information that probably I would not be able to in my capacity here.

**MR. ANDREW:** — I take it that it's an ongoing thing, and for all I know it may be still going on today. My question basically is this: is it simply in the Department of Northern Saskatchewan that that matter is now being pursued with Revenue Canada — if in fact it is — or has it referred the matter to your department, given the fact that you picked up on the questioning and seem to have knowledge of it? That's my question.

**HON. MR. TCHORZEWSKI:** — It is being pursued by the Department of Northern Saskatchewan. It has not been referred to us in finance. Sorry, I should have caught it the first time.

**MR. LANE:** — The Government of Saskatchewan established the Saskatchewan Development Fund, and one of the areas as a grabber to the public was the 5 per cent guarantee. All of a sudden, people start redeeming their investments in the Saskatchewan Development Fund on the 5 per cent guarantee. Why would the government take the policy decision to turn around and guarantee to the Saskatchewan Development Fund a guarantee that the Saskatchewan Development Fund has given to the investors?

**HON. MR. TCHORZEWSKI:** — I may have missed the member's question, but I think it was whether we have provided money from the consolidated fund to the Saskatchewan Development Fund for guarantees. The answer to that is no, we have not provided any money, to the best of my knowledge, from the consolidated fund.

**MR. LANE:** — See, this is where the overlap is. and I suppose I could ask if in Crown investments corporation . . . But the financing, the investing for the Saskatchewan Development Fund, according to the annual report, is done by the Department of Finance. Is that correct?

**HON. MR. TCHORZEWSKI:** — That's correct.

**MR. LANE:** — So then, with the financing being done by the Department of Finance, according to notes to the 1980 annual report, Crown Investments Corporation of Saskatchewan agreed to finance the cost of the corporation's redemption guarantees by means of non-interest bearing equity advances. Okay, now that leads to all sorts of questions about why you would have to take equity in the Saskatchewan Development Fund. Is it so shaky that the government has to prop it up even more? But, secondly, why, if the fund is supposed to be a self-supporting operation, would the government

have to go in and make a guarantee so that the development fund could pay back to the shareholders the 5 per cent guarantee? Now, as I say, I am sure the minister can come back with an adequate defence like, "Well, you ask Crown investments corporation about why it did that." But then, again, I look at the financial statements and see that you are doing the investing for the development fund. If you are making the investment for the development fund, you must have some obvious participation in the financial operation.

**HON. MR. TCHORZEWSKI:** — Well, Mr. Chairman, one of the basic principles of the Saskatchewan Development Fund is that it would pay a guarantee of 5 per cent. There have been some people who have cashed out (I guess that's the right terminology) and so it has been necessary for CIC and Saskatchewan Development Fund to pay out in those cases. There is the guarantee there. It has not involved the consolidated fund, so it does involve the Department of Finance in that respect.

**MR. LANE:** — You know if it were a regular development fund, of course, it would be making enough money on its own to cover any guarantees and not looking to outside sources

Can the Minister of Finance advise me what out-of-province investment agencies are used by the government, if any? I gather the official is saying none. Okay. That was basically it. Was the government using any out-of-province financial institutions for its investing? I am not referring to ones that have offices here in the province, say James Richardson. Would you use ones that have no office in the province?

**HON. MR. TCHORZEWSKI:** — I am told we are not using any investment consultants or advisers or salesmen anywhere. We will buy through mortgage brokers and investment dealers, both inside and outside the province, yes, if that's what you are getting at.

**MR. LANE:** — I'm asking you to supply us with a list of those used outside the province and the amounts invested through them, borrowed through them, or whatever the situation might be, and for what items.

**HON. MR. TCHORZEWSKI:** — That is something that would be very difficult for me to provide because I don't think we want to be divulging the amount of business we do with any particular company. I don't think that it would be in the public interest to disclose that. Furthermore, I'm not sure that the companies with whom we deal would be agreeable to us doing that.

**MR. LANE:** — Would you then be prepared to supply us with the names of those companies outside the province?

**HON. MR. TCHORZEWSKI:** — I can give the member the information now without listing them because, once I give you the information, I think it's pretty clear and obvious. We deal with all of the major investment dealers, all of the major trust companies, and all of the banks. And then we also deal with a large number of mortgage brokers, as well. I know that's a general answer, but I think it covers the field.

**MR. LANE:** — Except I was asking about the ones outside the province that do not have offices in the province.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, let me give some information while we undertake to provide you with a list of the names.

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We are dealing with investment dealers. I think there are about 18. Seven or eight (I'm not sure on that figure) have offices in Saskatchewan. We are dealing with all the banks. I think they all have offices in Saskatchewan, but there may be some smaller ones which do not. Two of the six or seven mortgage brokers which we deal with have offices in Saskatchewan. If you want a breakdown as to which have offices in Saskatchewan and which do not, we can put it together and send it over.

**MR. LANE:** — I just want the ones that do not have offices in the province of Saskatchewan.

**MR. ROUSSEAU:** — Mr. Minister, earlier you were going to get some figures for me on investments and so on. Do you have them yet? Are they just about ready?

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, I indicated this afternoon, prior to 5 o'clock, that I would provide the information which the member for Thunder Creek was concerned about. He indicated that maybe he wouldn't want to see the estimates go through. I assume that since I am providing it, we will be able to finish this evening. I'm sure the member for Regina South will be most agreeable to that.

I have here, just for the purpose of explanation, all the information which you requested, which is the portfolio as of December 31, 1980, when I indicated the Department of Finance became involved. It's here. There is also a reconciliation of some other information as to how it is all distributed: bonds, mortgages, equities, and the like. That information, I am told, will be provided when the SGI report is tabled. So, I think you will find the information all intact. Also, I am able to indicate that I have a list of purchases for SGI since January 1, 1981, and can send that over with the page as well.

**MR. ROUSSEAU:** — I will want to peruse those in a few minutes. Meanwhile, I'm going to pursue another matter which you and I discussed earlier in the week. Let's have it on the record how you handled your loans. I might as well explain the situation. You well know what it is. I would like to have your answer to that for future use.

Your office was advised some time ago of a loan available to you of \$105 million at a figure of less than 10 per cent. These were U.S. dollars. All that was required from you. Mr. Minister, was a simple letter to the broker in the state of Virginia, telling him whether you were interested in acquiring these funds at that rate of interest. My concern and my question is: why was that not pursued? Why was the matter left in abeyance? The deadline was last Friday and the money is no longer available. I wonder if the minister would like to comment on that?

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, this is an interesting issue. As the member said, he has mentioned it to me before. I have spent some time pursuing this, as have my officials. I would dread the thought of anyone in government doing something like issuing a minister's letter to some broker in Virginia, as the case is here, without really having any indication of the validity of the so-called offer — which was mentioned to the member by someone else and brought to the attention of Department of Finance officials.

We are not aware that there is, in fact, the kind of deal which there is alleged to be. I am told that my officials indicated they would like to see a verification of the availability of the money, and it was suggested by the person involved that they would get Midland Doherty Ltd. to verify the availability of the money. That's the last we heard of



this particular, so-called offer. Quite frankly, it is not unusual or uncommon that these kinds of proposals are made; the problem is that they never seem to get to the point of being verified. If indeed someone were to offer to us any amount of money at something like 10 per cent (and I don't know what kind of terms we're talking about), you can bet your bottom dollar we'd be kind of interested. Why wouldn't we be? But, we're not interested as long as it's a pig in the poke. We want to see verification of the availability before we commit the government, the taxpayer or public money, to that kind of an operation.

**MR. ROUSSEAU:** — Mr. Minister, as I indicated earlier, the question wasn't meant as criticism. I was trying to get you to outline a policy on the department's handling of this type of request. The general outline would be that you require a firm proposal from the offerer of the funds before you would proceed with any negotiations. I presume that is your policy; that's what I want on record.

**HON. MR. TCHORZEWSKI:** — Clearly our policy is that we would seek verification, and we always do seek verification that the money is available. I can't really think what other policy we could have; it seems like the most appropriate thing to do.

**MR. ROUSSEAU:** — Thank you, Mr. Minister. Last December (December 19, to be exact) you issued a press release, and I would just like to ask you a question or two on it. It starts out by saying:

Finance Minister Ed Tchorzewski Friday expressed annoyance at the federal government's announced decision to reduce the equalization payment to Saskatchewan . . . Tchorzewski said Saskatchewan is already contributing to the federal coffers half of the export charge on oil export from this province. This serves to subsidize the price of oil in eastern Canada. The federal government now wants to take its cut twice.

That is what you said, basically, indicating that you're upset. I wonder if, by that statement, you intended to mean that you are really in fact disagreeing with the Premier in his proposal to give half of Saskatchewan's oil revenues to eastern Canada through the national energy bank? If that is the case, if you are in fact disagreeing with the Premier, I suppose my second question would be: when did the NDP do a turnaround on this particular policy?

**HON. MR. TCHORZEWSKI:** — I guess now we are talking about bananas and grapefruits. I am not aware of any such proposal by the Premier that we would turn over half of the oil revenues to subsidize the oil of eastern Canada. That has never been a proposal of our government, nor of the Premier, nor of any of my colleagues who I have heard speak on this on many occasions. What I was saying in the press release is nothing other than what I said, in no uncertain terms, to the federal Minister of Finance during the meeting of finance ministers during the week that the member referred to. Yes, it is inevitable that some time soon, because of the growing prosperity of Saskatchewan, we would no longer be eligible for equalization payments because we have become a have province. But I objected very strongly to this new calculation of export tax rebate money coming out of the blue without any prior consultation with Saskatchewan, especially because of the fact that prior to this — in 1973, 1974, 1975 — it was never considered as part of the calculation for determining whether our province would be eligible for equalization. Then, all of a sudden, the rules have changed without any consultation, which seems to be the style of the federal

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government in Ottawa these days — a style which I think is not conducive to co-operative federalism, nor conducive to working out mutually the kinds of arrangements that ought to be worked out between Ottawa and the provinces.

**MR. KATZMAN:** — Mr. Minister, I have one question, in case it wasn't asked earlier today. Do you do all the investing of the government funds for all the departments? For example, workers' compensation — do you do their investing?

**HON. MR. TCHORZEWSKI:** — As I indicated this afternoon, Mr. Chairman, yes.

**MR. KATZMAN:** — Mr. Minister, in your investments in the last year for workers' compensation, I have noticed you have bought several items which have only been paying 3, 4, or 5 per cent, while the going rate is 17 per cent. Are you buying these at a discount because somebody is unloading them, or what?

**HON. MR. TCHORZEWSKI:** — I don't know what the member is talking about. He will have to more explicit because it sounds like another SGI calendar story to me.

**MR. KATZMAN:** — Mr. Minister, if your SGI minister was as active as our critic is, you would be a lot better off . . . (inaudible interjection) . . . And, Mr. Romanow, I will take care of you in Crown corporations on the potash.

Mr. Minister, your department, I assume, has the funds of the government available. Do you do short-term investing, basically the weekend investments where you put your capital out for returns?

**HON. MR. TCHORZEWSKI:** — Once again, Mr. Chairman, I don't know whether the member was here this afternoon. He should ask his colleagues because that line of questioning was pursued and I don't know whether the committee is a good place to be repetitious, but the answer is yes. I did answer that question this afternoon.

**MR. KATZMAN:** — Well, Mr. Minister, I apologize. I was out of the House and what I really am concerned with is the investment portfolio of the province of Saskatchewan regarding the pension benefits — either workers' compensation or the other pension plans you look after. My concern is the investment portfolio in the workers' compensation annual report last year. You had some investments where you bought from other Crown corporations low-paying stocks (for example, bonds, securities), which were of a low rate and I'm trying to find out if you were buying them at a discount. Is that why you were buying them or not?

**HON. MR. TCHORZEWSKI:** — I need to make two points in answering the member. We don't buy bonds from Crown corporations. I'm not aware of Crown corporations' issuing bonds so if that's what you're talking about, that has not been done. Now, they could be other provincial Crown corporations such as Ontario Hydro and if that's the case, and that must be what you're speaking of, we will buy them at market. If they have a low coupon and the interest rates are high, we will buy them at a discount. It's a good deal.

**MR. KATZMAN:** — That was my concern because all through the workers' compensation report, I noticed over the past few years you have been buying some low-yielding 5.25 and several others. I was concerned if you were buying them at the discounted value, therefore making the interest rate profit to the corporation, which is basically geared to 17 per cent or whatever we could buy now.

**HON. MR. TCHORZEWSKI:** — They're most likely low-coupon bonds, so we'll buy them at par or less than par.

**MR. KATZMAN:** — Do you invest all the pension plans as well?

**HON. MR. TCHORZEWSKI:** — Yes.

**MR. KATZMAN:** — The unfunded pension plans are the formula plans — years of service times and so forth — where there are no funds that come out of each year's financial estimates. Am I correct?

**HON. MR. TCHORZEWSKI:** — Yes, it comes out of each year's current budget.

**MR. KATZMAN:** — Could you tell me how much of the current budget you are holding for payments of pensions?

**HON. MR. TCHORZEWSKI:** — It's under the minister in charge of the public service superannuation board, Mr. Robbins, and you'll find it on page 76 and you will find that it is \$21,394,050.

**MR. ROUSSEAU:** — Mr. Minister, just quickly perusing the information you sent over I hope there's a typographical error in this document. But I am looking under mortgage showing on this page 10, for Cambridge, your total cost at \$3,789,068.62 with a present value of \$302,000. Now that's what it says on this.

**HON. MR. TCHORZEWSKI:** — It has to be a typographical error. That's not possible.

**MR. ROUSSEAU:** — If it's not possible, then let's have the correct information because I'm going to release this information if you can't correct it.

**HON. MR. TCHORZEWSKI:** — The reason why there may be some deviation in the information you have is because we have tried to provide you as much information as we could as early as you requested, and as I undertook to do. What you have here is information that comes out of a management information system and not out of an accounting system. So that is subject to some verification when we have gone back into the accounting records. And if there are such discrepancies, we will obviously have to do that. We will, of course, give you more up-to-date information. But I thought for the purposes of tonight, since the members were interested in having as much information as we could provide, I have provided it.

**MR. ROUSSEAU:** — I appreciate the speed in which it was provided, Mr. Minister, but it looks to me like this has come out of the computer. It even indicates a percentage at cost of that particular portfolio as being 2 per cent and then at market at 0.18. I'm sure it has to be an error and I'd like someone to go out and find the correct answer, because if you've invested close to \$4 million in mortgages with that company and they're now worth \$300,000, I can see where SGI is having an awful lot of problems. Perhaps you might like to comment. Can I get the correct information or can you send somebody out or something?

**HON. MR. TCHORZEWSKI:** — Well, no we can't tonight. I have indicated that already. We have to get in touch with SGI, which, obviously, we can't do today. But first thing tomorrow morning we will get the thing as best we can so that we can provide it to you. I

won't even wait for the estimates. I'll just see to it that you get it.

**MR. ROUSSEAU:** — You have a copy of this? Okay.

**MR. KATZMAN:** — Mr. Minister. I'm not sure if it's your department or social services, but since you're responsible for the money I'll start with you. When there is a cheque issued by the Government of Saskatchewan to somebody and it is fraudulently cashed, who bears the loss when you issue a second cheque to replace it?

**HON. MR. TCHORZEWSKI:** — The answer is this: the bank will carry that if it is a case of a social assistance cheque which should have gone to Mr. X and somebody else cashed it. I guess that's what you're asking. The bank would have to carry the loss, but certainly the Department of Social Services would see to it that the person who was supposed to get the cheque was looked after. There would be a reissuing of funds after an appropriate check was done. I am informed that the bank would carry the loss, since it cashed the cheque.

**MR. KATZMAN:** — Mr. Minister, I understand the amount of these cheques is getting very sizeable, that are somehow cashed and for which new cheques are issued. Do you have a figure?

**HON. MR. TCHORZEWSKI:** — No, we don't have that. I can ask the comptroller's people to see if they have that, but we don't have it here.

**MR. KATZMAN:** — Do you assist the people who are banking on your behalf with an internal investigation, when they indicate that the person cashing the cheque produced all the proper ID, even though the person claims that he didn't cash his own cheque and that somebody else must have? Do you assist in tracking some of these down to make sure that the person did not fraudulently cash his own cheque and ask for a replacement?

**HON. MR. TCHORZEWSKI:** — Yes, we most certainly would assist; in fact, the police would be called in, in this kind of a situation, to follow up as well.

**MR. KATZMAN:** — I understand that you (maybe the health department in this case) will not even look at the hospitalization records to see where these people are properly registered (last address) if they are trying to track them down for repayment of these cheques. My concern is that I don't believe your government is really trying to assist the banks that are ending up with these cheques.

**HON. MR. TCHORZEWSKI:** — Clearly, as I indicated, we will assist in the investigation to the total extent that we possibly can. I can't answer for the Department of Health as to what it does, or for the Department of Social Services, if you want to take them both. But I can tell you that there is no hesitation to assist the investigation in any way that we possibly can.

The member indicates that this kind of situation has been growing in large numbers; I have no evidence of that. We will do a little check to see what the situation is. Once again, if that is something that shows up as having taken place, then that would be reported in the auditor's report and in the House. I don't know why it wouldn't be. But once again in answer to the member, we assist in every way that we can because we

think it is important to track it down.

**MR. ROUSSEAU:** — Mr. Minister, in your budget speeches, you misled the people of Saskatchewan by trying to take credit for something that has nothing to do with you at all. I am referring to your income tax savings to the people of Saskatchewan. Admittedly, they are paying that much less, but it wasn't as a result of what you and your department did. If you are looking for the page, it's page 35. These are figures which came right out of your department and were printed by your department. The saving on the chart you are showing in your book is so high simply because of the indexing of the federal tax, plus \$12 to \$15 on the part of the Saskatchewan government. The fact is that if it hadn't been for the indexing of the federal tax and the basic personal exemption, the marital exemption, the dependent exemption, your saving would have been nowhere near what you are indicating in that book.

Mr. Minister, I think it would be more honest, on your part, to indicate to the people what the Government of Saskatchewan has done in the saving. When you consider 2 per cent for six months (really 1 per cent is what we are talking about), it doesn't take much of a genius to determine how much you are saving. That kind of information, printed by you, is misleading the people of Saskatchewan; I don't think that is very honest.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, I think the member's comment deserves a comment because I really object, if he has read the speech at all, to his indicating there was any attempt to mislead anyone, in this case the people of Saskatchewan. If the members opposite and their research people would look back at the tables we have been providing in budget speeches for the last six years, they would find in each and every one of those years and in every one of those tables that we have included the revenue loss to the province from provincial tax because of indexing. That is again in this table as we have always done.

I want to remind the members of this House that a two point tax cut in provincial tax in a year is \$17 million. That is not insignificant; it's \$17 million the taxpayers of this province have left in their pockets this year to spend for consumer goods, to spend for the kinds of things they need to buy. If you include in that the provincial taxes which are affected and are reduced because of indexing, and if you add to that \$3.2 million which has been provided in the small business tax cut, we have in a full year provided to the Saskatchewan taxpayer \$50 million in tax saving. That's a lot of money. I don't think that can be described as being insignificant, because it is a saving.

In the budget speech, I clearly indicated (and may I quote):

These personal income tax changes will reduce taxes paid by Saskatchewan people by over \$17 million per year. (That is a two point tax cut.) The personal income tax cut is in addition to the \$30 million reduction in provincial income taxes from indexing of the tax system.

I further indicated that there was a tax cut for small businesses and, therefore, the total tax cut was \$50 million.

That, Mr. Chairman, I would argue, is a significant tax saving, especially when you consider in 1978 there was a cut in the provincial tax rate from 58 to 53 points. That's only two years ago. In last year's budget we provided something we are continuing this year as well, and that is an income tax reduction of \$160 on personal income tax plus

an additional \$50 reduction for each dependent child and a special \$50 tax reduction for senior citizens.

It is very easy to talk about tax cuts and it is very popular. I know, because it is simplistic. If all we did was make a tax cut, some of the people who need the help the most wouldn't get the help, and those are people who don't pay any taxes at all. They are low income earners and have families who don't pay income tax. So the argument by parties of political authoritarian Liberal persuasions that you should cut taxes across the board is a fallacious one . . . (inaudible interjection) . . . For certain big corporations — I can tell you a lot of taxes they have cut. But, we have done more than that because we recognize that problem, Mr. Chairman. We provided a fairly major adjustment to the family income plan this year, in order that we have a balance to provide some assistance for those working families who do not pay any tax at all. And that's why we say that ours is the most progressive income tax system in Canada today. I'm prepared to defend that and I think all of the statistics that you want to use honestly will prove that to be the case.

**MR. ROUSSEAU:** — Mr. Minister, you just did it again. You indicated that those savings will be \$17 million a year. What will it be in 1981? It will be \$8.5 million, isn't that right? Why don't you say that? That is the impression you want to leave, that you are the benevolent NDP which is going to save the people a tax of \$17 million. This year it's only 8.5 percent, first of all. Secondly, if that's the case, does every 1 per cent of the tax (52 per cent or 53 per cent, it was) represent \$8.5 million?

**HON. MR. TCHORZEWSKI:** — The answer is that it's pretty close. But, I want to respond to something the member said in his initial remarks just now. We stated that it is \$17 million and we stated pretty clearly it is \$17 million a year because it is an ongoing tax saving. Once you implement it as we have done, it's there. It continues unless, of course, there is ever an election of a Conservative government that tries to balance budgets like they've tried to do in British Columbia — where they have a \$625 million tax increase instead. But that's the point I want to make. It's something that is permanent; it's there until government at some point in time decides to change it, one way or the other.

**MR. ROUSSEAU:** — Well, that's very simple. Your policy changes every year, so why would you indicate that much per year? For next year you might be at 55 per cent. There is no indication here that it's going to come down, that it's going to remain the same, or that it's going to be different. The fact is that this is the budget presented to the people of Saskatchewan for 1981. The fact is that your saving this year in your tax was not \$17 million, but \$8.5 million. And that's the truth and that is exactly what this budget was supposed to represent, the information for 1981, not for future years, because next year you are going to come out with a different budget, which will be totally different from what you are indicating here. Now, you didn't answer my other question that I put to you. Does every percentage point represent \$8.5 million?

**HON. MR. TCHORZEWSKI:** — Yes.

**MR. ROUSSEAU:** — It does?

**HON. MR. TCHORZEWSKI:** — Yes.

**MR. ROUSSEAU:** — But 8.5 million times 53 is a lot more than the amount of personal income tax you're indicating as being revenue for 1981.

**HON. MR. TCHORZEWSKI:** — Certainly, because there is a lot more to it than just the provincial tax rate. There is the surtax that's involved; there is the mortgage . . . (inaudible interjection) . . . No, it does not make it worse; it makes it more progressive. There's the mortgage interest tax credit and the low-income tax reductions that are involved. So you can't just make it nice and neat and say you can cut it right down the middle. You've got to take into consideration the circumstances of particular people, the number of children they have, the amount of income they earn, whether they have a mortgage for which they pay interest, for which they can get (the only place in Canada) a mortgage interest rebate.

**MR. ROUSSEAU:** — The first part of my question was: does every percentage point represent \$8.5 million and you said yes. So obviously, if that's the case, 8.5 times 53 would be well over the \$400 million that you are indicating as revenue. If you're talking about the 10 per cent surtax, that's over and above. Obviously, if that's the case, then each percentage point of the 53 certainly can't account for \$8.5 million — either that or at some point it becomes a lot less.

**HON. MR. TCHORZEWSKI:** — Each point in taxation, when we're in the range we're at now (I repeat again) is worth about \$8.5 million. If we were in the range (I am told) of 33 per cent, then I understand that each tax point would then be worth more. Let me just take you through this. If you take 1981-82 as your tax year, there will be revenues of \$439 million from personal income tax. If you take into consideration all of the adjustments and the tax cuts which I have just outlined — the surtax, the mortgage interest tax rebate, the capital gains tax rebate (because we have that here in this province) — you will find that that will come down to \$409 million in net receipts.

**MR. ROUSSEAU:** — Well, I don't have your chart in front of me; could I get a copy of the information you were just reading from?

**HON. MR. TCHORZEWSKI:** — We'll break it down for you and give you the information.

**MR. ROUSSEAU:** — Thank you, Mr. Minister. If you would just give me a couple of minutes to reorganize myself here. Is that all right with you?

**HON. MR. TCHORZEWSKI:** — While the hon. member is reorganizing, Mr. Chairman, I also am most happy to indicate that we have some other information which the members opposite requested. The staff is very efficient here. It is a list of short-term investment holdings of Crown corporations as of March 30, 1981.

**MR. LANE:** — I hope it's a lot better than the document you showed to us on SGI. I can see why the new general manager of SGI says we're hemorrhaging money.

What is the McIntosh Mall? Can you explain that one to me? Where is it located?

**HON. MR. TCHORZEWSKI:** — The McIntosh Mall is located in Prince Albert.

**MR. LANE:** — I'm not familiar with it at all. What companies would be in it, for example?

**HON. MR. TCHORZEWSKI:** — As far as I know, it's still not open, so therefore I wouldn't have any knowledge of who would be in there, but I think Saskatchewan Forest Products will be. As for a list of others, I do not know, nor should I know at this particular point in time. The Department of Government Services will be making the

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arrangements for the occupants of that building, and the best I can give the member opposite is that there will be a number of government departments who will be occupying it.

**MR. LANE:** — That's the same investment referred to in the 1978 SGI annual report, at \$17 million?

**HON. MR. TCHORZEWSKI:** — We're just checking it, but I believe that's true, yes.

**MR. LANE:** — Okay. When you are referring to equity purchases other than debentures, say, are there any equity purchases in terms of shares in a company that are included under the heading, "Equity Purchases"? I didn't phrase that right. Are there any situations where SGI is involved in the actual participation in a company? Has it made any loans for that purpose? Has it taken any bonds or debentures in lieu of a debt position?

**HON. MR. TCHORZEWSKI:** — We are not aware of any, certainly, since the Department of Finance has been involved. I am not aware of any that may have been done before that.

Before I sit down, can I also pass over to the members opposite, for their information, a list of out-of-province investment dealers which, I think, the member for Qu'Appelle was requesting, and also the information for the member for Regina South on personal income tax revenues and the breakdowns which I was describing.

**MR. LANE:** — When we have a situation in SGI (now, I am not going to blame the hon. minister directly) where the cost of total bonds was \$98 million and the value today is \$78,500,000, why wouldn't there have been action taken sooner to get that investment portfolio out of the hands of SGI before it depreciated some nearly 25 per cent? Surely that is a rather serious depreciation in assets.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, a lot of this has occurred in the last six months because of the very high interest rates. That should be clear. There is nothing to say that in the next six months the situation may not turn around, or that it may not be in pretty good shape. That is the way this kind of investment works, as the member well knows. If you sold them right now, certainly you would take a loss. But surely one would not think of selling them right now when it is not the right or attractive thing to do. So why sell them at a loss? It is not really a loss because the sale has not been made. The circumstances are such as are indicated by the information that is there, but there has certainly been no loss incurred.

**MR. ROUSSEAU:** — Mr. Minister, you have sent these over. If you will recall, there were many more which we asked for. I presume they will be coming.

**HON. MR. TCHORZEWSKI:** — In fact I have another piece of information I could send over to the member and it is on the guaranteed debt that you asked for. I will ask the page if she can take it over.

**MR. ROUSSEAU:** — There were other investments that we asked for, for all of the Crown corporations.

**HON. MR. TCHORZEWSKI:** — You will get them. We are giving them to you as we get



them.

**MR. ROUSSEAU:** — I have another question. I don't understand something on your personal income tax revenues explanation that you sent over. What do you mean when you say that 1980-81 and 1981-82 budget estimates represent cash flow figures and not (and that is an underlined "not") income tax payments for the people of Saskatchewan?

**HON. MR. TCHORZEWSKI:** — Because we are paid on the basis of estimates and it's only retroactive for something like a couple of years back, before we get the final payment on what the real amounts are. It's because of the tax collection agreements under which we operate with the federal government.

**MR. ROUSSEAU:** — Well, okay. You are getting the money — the \$409 million in other words — by, in your words, estimates based on what the federal government receives. But the federal government does receive that from the people of Saskatchewan. Why would you say, "not income tax payments by the people of Saskatchewan"? I mean, that's where it's coming from — their pockets.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, let me use this example. We've already been paid for the 1980 tax year on the basis of an estimate, okay? For 1981 the members opposite and I (in fact I did it today) are filling out our income tax forms for 1980. So when that is all completed and tabulated, then it can become more accurate. I'm told that there is a period of two years; there then is a reconciliation to sort of make it more accurate than the estimate which we're able to show. The best we can do is to make an estimate; generally it turns out reasonably close. But there is a reconciliation over the period of the next two years, after all the income taxes have been filled out and all that process has taken place.

**MR. ROUSSEAU:** — What you're saying is that you're always reconciling two years late. So, there's still money coming from the taxpayers of Saskatchewan.

**HON. MR. TCHORZEWSKI:** — I'm not denying that. It's tax money coming from the people of Saskatchewan, of course it is.

**MR. ROUSSEAU:** — Well, you almost denied it on this explanation and that's what I'm getting at. However, I suppose this is an internal document, so it wasn't to be released to the public. I'm sure of that.

**MR. LANE:** — Can you do an update on the guaranteed debt out of public accounts from March 31 to date — March 31, 1979, sorry, to date? Again, just for clarification, where would the guarantee of any indebtedness for an activity like the movie production "Who Has Seen the Wind" show up in guaranteed debts?

**HON. MR. TCHORZEWSKI:** — That one, Mr. Chairman, was not a formal guarantee as such, so it wouldn't show up in that kind of a list.

**MR. LANE:** — That's my whole point. I'm trying to find out what other guarantees the government may have made and that's the question that we had asked earlier. The guaranteed debt is a statutory item. Am I not correct?

**HON. MR. TCHORZEWSKI:** — I just thought maybe it would be of assistance. I've only given the guaranteed debt portion of that information, and I said that it was a guaranteed debt. As for all this other information that members requested — we're

going to have to do some work on it. We have to contact wherever we have to contact to get the information together, and then we'll give it to you.

**MR. LANE:** — Well, changing topics, can you advise and supply the opposition with any or all consultants used during the year by the department or paid by the department over the last two years: the consultants, consulting companies, and the amounts paid to each?

**HON. MR. TCHORZEWSKI:** — Yes, we'll make the list and provide it to you.

**MR. LANE:** — Can you advise us of all expenses incurred by those if they're paid for by the province of Saskatchewan?

**HON. MR. TCHORZEWSKI:** — Yes.

**MR. ROUSSEAU:** — Mr. Minister, some three or four weeks ago when I replied to your budget, I suggested to the government of Saskatchewan that perhaps you should take a look at a housing program putting out \$100 million at government rates. Have you given any thought to the implementation of that program?

**HON. MR. TCHORZEWSKI:** — We have considered it and we have really come to the conclusion that it would not be particularly useful. If the amount of assistance you provided would be at the government rate, there would be a saving of about a point or so and therefore the saving to home buyers would be insignificant compared to programs which we already have in place. For example, our mortgage interest tax credit rebate program provides a rebate in the area of \$12 million to Saskatchewan people who have a mortgage. The proposal that the members opposite have talked about would provide a saving, on \$100 million, of no more than about \$3 million. So I think the program which we have is providing a far greater return already and so we're satisfied it is a better program to have. I might add that we have other kinds of programs in place as well; for example, the co-op housing program, which this year is being extended to farmers for farm homes and will provide a subsidy of up to a maximum of \$150 a month or about \$1,800 a year. That is a fairly significant and substantial assistance to home buyers. So because the programs we have in place (and I have to say to the member, we're always reviewing them, of course) are good programs and probably provide more return than the proposal which was outlined by the member opposite, we're satisfied that that proposal, at this particular time, is not something we're interested in.

**MR. ROUSSEAU:** — Well, at the time that I made the suggestion, I think the rates were a lot different than you're getting them at. I don't know whether you've shopped for the money at better rates or not, but you must take into account, Mr. Minister, the fact that housing construction in Saskatchewan is down by better than 50 per cent. It is less than half what it was in 1979. Even if it meant a rate below the government's going rate, something should be done by this government to move the housing market into a better situation than it's in at the present time, which makes it very difficult for, not only those home buyers, but those industries that are involved in the construction of homes.

You know we have consistently suggested to the government the high cost of taxation in this province. We talk about gas tax, sales taxes, income taxes. It's interesting to note that when you talk about savings of some \$50 million in your budget reply, as a matter of fact, what you're really getting is about \$112 million more from the taxpayers of Saskatchewan in revenues in 1981-82 than your estimates were in the year 1980-81. I

realize that, of course, inflation takes care of some of this. If you take a 10 or 12 per cent inflation rate, that's exactly the amount of money by which the taxes to the people of Saskatchewan have gone up. The fact is that you really haven't reduced taxes in Saskatchewan. They've increased. Gross revenues have increased by exactly the same amount as inflation has gone up.

I believe it's time for the government to take a good sound look at the taxes that the people of Saskatchewan are paying, and I indicated some time ago that 70 per cent of your revenues are from the pockets of the taxpayers. In a province that you called a little earlier "a have province," I hardly see this as being very equitable with the resources, the wealth we supposedly have in Saskatchewan that could be developed if something was done. I can refer to every area of taxation that you have on your list, with perhaps the exception of one or two, such as sales taxes, gasoline tax now up 20 per cent. Sales tax, yes, much more than what you were getting before — I mean the increase is there. Gasoline tax shows an increase of about 22 per cent. Of course, with the 20 per cent sales tax now, there is no question that this will mean significant additional revenues to the treasury of Saskatchewan.

All the way down the line your revenues have increased by exactly that amount of inflation. So you can make the statement all you like in your budget speech that you have saved the people of Saskatchewan \$50 million, but it doesn't show up. It is not in there and I think it is time you took a very close look at it. I'll let you reply to that, if you want to.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, I am quite prepared to take a very close look at it and, indeed, I have done that and so have the people of Saskatchewan. The overall situation of the taxpayer in Saskatchewan compares very well to the taxpayer of any province in Canada. The member opposite wants me to compare sales tax. Mr. Chairman, I'll compare sales tax any day of the week. We are the province which has a sales tax of 5 per cent. Of all the provinces that have a sales tax, I want to remind you that is the lowest sales tax in Canada. There is none in Alberta, but then it is ludicrous to compare Alberta's situation to Saskatchewan or most other provinces. Furthermore, the members will talk about our personal income tax rate now being 51 points. Indeed, we have reduced it by two points, which is a \$17 million saving for a full year.

But I want the members opposite to know that there are other costs which citizens and families of Saskatchewan do not have to pay. I have four children who have access to a dental plan for children up to the age of 15; this is the best plan in North America. That is a saving families would otherwise have to pay if it were not for the children's dental plan. There is a return on the kind of prosperity that is in Saskatchewan in that respect. The members opposite will say that we have a 51 per cent income tax rate. Let me remind the House, Mr. Chairman, that we may have a 51 per cent income tax rate provincially, but we don't have a health tax as the three provinces which have a lower income tax rate than ours.

For example, Ontario has an income tax rate of 44. At 44 they also have a health premium of \$480 a year that applies to families and it doesn't matter if you earn \$15,000 a year or \$115,000, you pay the \$480 health tax. If Ontario were to reduce its health premium or do away with it like we have in Saskatchewan, the income tax rate in Ontario would be 56 points compared to our 51. It is not the tax rate that is the important thing, Mr. Chairman, it is the effective tax. I am saying to this House that the effective tax in Saskatchewan is among the lowest in Canada and it is the most progressive in Canada. I don't mind defending it at all as the member opposite has

asked me to do.

Now, he goes into the gross revenue increases from various taxes and tries to indicate that somehow that is an increase in taxation. It is not an increase in taxation. The fact is that you see a greater amount of revenues from various tax measures because we are a prosperous province. There is more revenue from personal income tax because personal incomes have increased very substantially in Saskatchewan over the last several years. There are more people working in Saskatchewan now than there were several years ago. Our population is growing instead of going down like it is in Manitoba. The number of jobs created last year was 8,000 or 9,000. All of that will certainly create more revenue flow to the provincial treasury, and rather than being critical of it, I think we should be pleased with it, Mr. Chairman.

**MR. LANE:** — The minister knows that it's a fundamental part of any insurance industry. The basic rule is that the premiums are to break even. Well-run insurance companies make money on their investment portfolios or management of the funds they take in. That is basically the secret of success for any successful insurance company.

I wonder why, after 20 some years of SGI managing the funds it takes in and investing them (always, according to the government, with a great deal of success), you found it necessary to take over from SGI the operation of what would be a fundamental part of any other insurance company.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, we simply have a larger pool of funds and, therefore, we can get a better deal and that seems to make good sense to us.

**MR. LANE:** — What would you get a better deal on? If you are buying your bonds at the set rate, you are going to pay the set rate no matter how many you buy. You are going to buy equities you have invested in at the cost per share, whatever that may be. When you are dealing with roughly a \$170 million value (and I am slightly on the high side), you are, if there is a commission deal, basically limited as to what kind of a discount you are going to get. You distribute these through many different investment houses. That particular argument doesn't hold water in the market place, Mr. Minister. Isn't the real reason you took over the investment portfolio of SGI the rather dramatic decrease in value of that investment portfolio?

You have given the argument that these bonds will increase, but when you start to look through the list (and I go through the first page) all the federal government bonds invested by SGI — every one of them — are considerably less than the purchase price, except for one which was acquired for \$339,000 and is now worth \$409,000. I go into the provincial government bonds, which had a total cost of \$79,598,000, and are today worth \$63,261,000, a decrease of a little better than \$16 million. I look down the pages of corporate bonds and certificates, and on that page every one is worth less than what it was acquired for. I see a loss of depreciation in value of the portfolio of better than \$2 million on the corporate bonds. And take a look at the municipal bonds of the province of Saskatchewan. In that case there is a loss of not quite \$20 million in the value of the investment portfolio . . . (inaudible interjection) . . . Well, in the depreciation in the value of the portfolio. You say it's not a loss. It's not a loss yet, but I don't think that anyone is going to see interest rates come down to where these will become profitable again. It would indicate that there seems to be a permanent depreciation in that.

Again, I go back to my initial statement that in fact a very vital part of the operation of

any insurance company is the management of its investment portfolio. Again, I suggest to you that it's accepted in the industry that premiums should basically break even. Any profit on premiums is considered a bonus. The success of insurance companies is judged by how successfully they manage their portfolios. Really, I think it looks like SGI's has been pretty poorly managed. Would the minister now be prepared to admit that, in fact, the real reason he took over the investment portfolio of SGI is that it was poorly managed?

**HON. MR. TCHORZEWSKI:** — No, Mr. Chairman, I would not be prepared to admit that and the member knows very well that what he has said and what he has tried to describe is, in fact, not the case. If he does not know that, he should ask his hon. seatmate, the member who is the critic of finance, because I'm sure he knows it. The reason that the state is as it is on the value, as described by the member, is because today we have interest rates that are at a historical high. I think that is pretty evident to everyone. I want to indicate to the members of the House that even though the value of those bonds is what it is, they are still earning interest income. So there is an earning that is taking place. It did not seem to make sense to us, Mr. Chairman, to have two investment departments in the government and so we have decided that we should . . . (inaudible interjection) . . . Yes, two: in this case one would be SGI and one would be the Department of Finance. We have decided to consolidate.

I think that the member knows, in spite of what he says, that the market value today is irrelevant, because we're not selling tomorrow. When those bonds mature, they will be sold at par; there will not be a loss on them . . . (inaudible interjection) . . . Yes, they will mature at par. Having made the interest income from them, they are maturing at par, at which time they can be reinvested. So I don't know how it can be made into an argument that somehow there has been something wrong in the way the investments have been made. And, I don't know what more I could say to make it as clear as possible what the situation really is. There is no loss involved.

**MR. ROUSSEAU:** — I don't think that logic would apply to mortgages. It may apply to a bond, but it won't apply to a mortgage . . . (inaudible interjection). . .

I'm coming back to that. If that's the case, I'm coming back to that Cambridge mortgage where you have \$3,789,000 invested. The annual income on that shows at \$40,000. So obviously there has either been a tremendous loss shown on that one. With the present value at \$302,000, that doesn't even work out to the dividend coupon on it of 10.65 per cent. I would like some answers on that one tomorrow. You haven't got it yet, have you?

I'm going to leave that for a minute, Mr. Minister, and come back to it. I want to ask you another question. The Carrot River Peat Moss Company was purchased. Is it for sale — the Carrot River Peat Moss Company?

**HON. MR. TCHORZEWSKI:** — I wouldn't know that. You'll have to ask in Crown corporations.

**MR. ROUSSEAU:** — It may be a good firm but I still want to know. I still would like the answer, if you can get it for me, on whether or not it is for sale.

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, the member will have to ask the appropriate minister. I'm not the minister who answers for the peat moss operation at

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Carrot River.

**MR. ROUSSEAU:** — I hope you'll answer for your heritage fund report. You indicate in there that you made an equity investment of \$78.7 million in SMDC (Saskatchewan Mining Development Corporation). Do you know how much of that went for the mining operations in British Columbia?

**HON. MR. TCHORZEWSKI:** — As best as I can determine, probably zero. But once again you'd have to ask the Saskatchewan Mining Development Corporation.

**MR. ROUSSEAU:** — Your department doesn't know where the money goes; once you place it, it's up to them. You don't have any documents, no information on that at all. Is that what you're saying?

**HON. MR. TCHORZEWSKI:** — We don't determine the purpose. We allocate the money, in this case, to the Saskatchewan Mining Development Corporation, and CIC will then determine the purpose and how it's going to be allocated internally.

**MR. ROUSSEAU:** — Do you require any securities of any kind on that?

**HON. MR. TCHORZEWSKI:** — We have an order in council which provides the equity to the corporation and the authority for the corporation to take money out of the heritage fund.

**AN HON. MEMBER:** — You don't take any security documents?

**HON. MR. TCHORZEWSKI:** — No.

**MR. ROUSSEAU:** — Mr. Minister, would you explain what you mean by a non-reimbursable debt?

**HON. MR. TCHORZEWSKI:** — That is money that is borrowed for the purposes of the government proper, which is then financed out of the consolidated fund, as opposed to debt that would be incurred on behalf of Crown corporations, such as SPC (Saskatchewan Power Corporation) and so on, which then, through revenues that they generate, would be repaid.

**MR. ROUSSEAU:** — Yes, I think I'm very, very familiar with what a reimbursable debt is. And when you make a loan to Crown corporations or whatever, it gets repaid. But a non-reimbursable is a contradiction in terms. I just don't follow that one at all, because it's the province of Saskatchewan's gross debt and it's a non-reimbursable debt from the Government of Saskatchewan. Page 68, if you are looking for it.

**HON. MR. TCHORZEWSKI:** — Once again, this will be money that's borrowed on behalf of the government, for example, through treasury bills (\$287 million this year will be) for the Government of Saskatchewan's operations. It's non-reimbursable because it is not money that, for example, goes to SPC which SPC will reimburse with interest. The charges here will be carried by the consolidated fund because it is money borrowed on behalf of the Government of Saskatchewan itself. It is the government's debt, and not reimbursable by somebody else, such as money borrowed on behalf of SPC.

**MR. ROUSSEAU:** — But is it reimbursable by you to someone else?

**HON. MR. TCHORZEWSKI:** — Of course, it is our debt and we have to repay it. But it is not reimbursable by someone else to us. That is really the difference from reimbursable debt, because reimbursable debt is debt which we have incurred because we can borrow at better rates than the list of these corporations you see on page 68 — Saskatchewan Power, Sask Tel, Saskatchewan Housing, water supply board — which are the parties that reimburse the debt to the Government of Saskatchewan. You go down further to non-reimbursable debt and it includes things like treasury bills which the government borrows for the government, not the Crown corporations so, therefore, there isn't someone else like a Crown corporation which will reimburse it to the government. We have to pay it back.

**MR. ROUSSEAU:** — Well, on the following page you are showing the per capita debt at \$2,304. Is the \$2.58 million calculated to arrive at the \$2,304?

**HON. MR. TCHORZEWSKI:** — Yes.

**MR. ROUSSEAU:** — It can't be. Look, one million people would make that per capita \$2,580, not \$2,304 — and we don't have a million people in Saskatchewan, so it is even higher than that. You know, when you look at those figures, Mr. Minister, that is very confusing.

**HON. MR. TCHORZEWSKI:** — Well, I think we need an explanation. We have to make sure we compare the right time of the year. If you look at page 69, under the province of Saskatchewan financial indicators, you will see for 1980 the total debt for the province per capita is \$2,304. Go back to the page before that and look under province of Saskatchewan, at the total debt of the province as of March 31 (that's the top of the page) and go over to 1980. You will find that the total debt of the province at that time was \$2,000,232,574, so you convert that and you will find, therefore, for that period of time — the right month and the right year — the total debt per capita is \$2,304.

**MR. ROUSSEAU:** — Okay, March 31 is what you are talking about. Then I take it that \$2,232,574,000 includes a non-reimbursable debt for that year. Well once in a while you do have some answers.

Could you provide me with a list of your treasury bills outstanding as of March 1, 1981, maturing March 31, 1981?

**HON. MR. TCHORZEWSKI:** — You asked for the treasury bills maturing on March 31, 1981?

**MR. ROUSSEAU:** — I have it. I guess it was given to us earlier. Sorry. Do we also have the number of treasury bills issued in the fiscal year '80-81? Is that in here? That's been tabled?

**MR. GARNER:** — Mr. Minister, what money is coming out of the provincial treasury for the new farm housing program, in dollars?

**HON. MR. TCHORZEWSKI:** — Well, Mr. Chairman, that's really a question which I think is most appropriately directed to the department which answers for the program. I think that it would be more in order to ask the question of the Department of Urban Affairs and the Saskatchewan Housing Corporation.

**MR. ROUSSEAU:** — With your permission, I am going to ask some questions, without

leaving item 1, on some of the other items, if you will agree . . . (inaudible interjection) . . . If we do that, we can wrap it up at the end. Can you explain the reason for the comptroller's office increase of \$700,000 or somewhere around 20 per cent — in fact about 25 per cent?

**HON. MR. TCHORZEWSKI:** — That's beefing up the comptrollership. It's assisting the departments in beefing up their auditorship functions, and so on, to make them more effective. What we're basically trying to do is strengthen the comptroller function; that is why the money is there. Three additional staff are included in there as well as funding which we will use to bring in and contract with some outside people to assist us in developing this strengthened comptrollership function.

**MR. ROUSSEAU:** — I'm sorry, I missed that last part.

**HON. MR. TCHORZEWSKI:** — Money is included there for three additional staff in the comptroller's department as well as a substantial amount of money for hiring, on a contractual basis, consultants who will assist (we want the most effective kind of assistance we can get) in strengthening the comptroller's department, so we can better assist as well as organize the departments to make sure those functions are carried out adequately and effectively.

**MR. ROUSSEAU:** — Those consultants' services would come under "other expenses," would they not?

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, the \$200,000 increase under other personal expenses is for professional accountants whom we will be engaging to do some of the work in order to improve the comptrollership and the internal audit functions within the departments themselves.

**MR. ROUSSEAU:** — Mr. Minister, I wonder if you would provide me with a list of all of the consultants that you contracted with last year and the fees paid last year.

**HON. MR. TCHORZEWSKI:** — I think we have already agreed to do that. As soon as we have it we will send it over, if we are still here, or I can give it to you anytime.

**MR. ROUSSEAU:** — Under "unemployment insurance and employer's contribution," it is quite a significant increase. Is this the federal government's increase, or what has happened there?

**HON. MR. TCHORZEWSKI:** — I sat in front of a television set when the federal budget came down, and when I saw that 33 per cent increase in unemployment insurance rates, I could see our costs going up, straight up. That is what that is all about. There are changes in the take to the federal government, because of the changes in the rates.

**MR. ROUSSEAU:** — I am glad you reminded me of that. I had forgotten about that, that's right. "Employees' group life insurance" — why has that dropped so much?

**HON. MR. TCHORZEWSKI:** — There are fewer people involved, Mr. Chairman. We cover employees who take a leave of absence. I am told that the number of employees who are taking a leave of absence has reduced; therefore, we are adjusting to that, because our cost will be less as a result of it. In other words, fewer people are involved, and, secondly, fewer people are taking leaves of absence, during which time we also carry



the cost. Because there are fewer people involved, our costs are going to be less.

**MR. ROUSSEAU:** — I missed something. There were fewer people involved in what?

**HON. MR. TCHORZEWSKI:** — When any employees take a leave of absence, his insurance is maintained and we cover their contribution then, okay? There are fewer employees taking a leave of absence. We will have less of their contributions to cover, and therefore, our costs are going to be less. I don't think I got through.

**MR. ROUSSEAU:** — No, the reason you didn't get through to me is because I see that the number of people employed in your department has increased by 5.1 man-years.

**HON. MR. TCHORZEWSKI:** — We don't only do it for the department; this is for the whole government. The Department of Finance looks after it, and that's why you see the kind of large figure that's there. It's not just the Department of Finance. It is Municipal Affairs and DNS . . . (inaudible interjection) . . .

**MR. ROUSSEAU:** — Do you do it, as well, for the Crown corporations? Is that included in that?

**HON. MR. TCHORZEWSKI:** — No.

**MR. ROUSSEAU:** — How is that handled?

**HON. MR. TCHORZEWSKI:** — That's handled by the corporations themselves.

**MR. ROUSSEAU:** — Individually?

**HON. MR. TCHORZEWSKI:** — Let me not mislead the member. CIC has its own plan and that's how that one is handled for the Crown corporations.

**MR. ROUSSEAU:** — Okay. Provision for the administrative expenses of the public employees' superannuation plan has doubled. Why?

**HON. MR. TCHORZEWSKI:** — Mr. Chairman, the increase you see there is because of increases to the Saskatchewan government systems centre services, as well as research and consultation fees, which are increased to allow for some actuarial services. There is also an increase in service charges for computer use. And we have inflation and other needs also affecting us. Like everybody else does, I guess.

**MR. ROUSSEAU:** — Perhaps you might provide me with that list. I think this is my final question. Last year you estimated your public debt at \$16,321,720. How accurate was that figure? You should know by now.

**HON. MR. TCHORZEWSKI:** — Actually, as the members will know, we have had a year in which interest rates were substantially higher than we would have liked to see them. We also have had more mid-year short-term borrowing than we had anticipated because of the fact that the revenues did not come in as quickly as we had expected them to. So you have to finance your ongoing operations. Our interest costs actually will not be \$16 million; they are going to be closer to about \$30 million in 1980-81 because of those unusual kinds of things that have taken place which are beyond our control, unfortunately.

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**MR. ROUSSEAU:** — Mr. Minister, that is almost double. The interest rate did not double, compared to what you might have anticipated. It's unbelievable that you wouldn't be able to forecast. If that is the case, why would you then estimate \$22 million for the '81-82 year and the interest rates really haven't come down. Are you not being a bit optimistic on that amount? To be almost 100 per cent out last year and then only to adjust to the amount that you adjusted for is a bit unreasonable. Oh well, it doesn't matter.

**HON. MR. TCHORZEWSKI:** — First of all, let me make the point that the interest rates went up from 12 to 18 per cent. That is not peanuts. That's a pretty big increase of the interest rates. Secondly, because the interest rates developed as they did we also had an increase in interest revenues which we earned. Although we estimated quite a bit less, our interest revenues were \$25.5 million. So the real cost in interest really is not all that significant. The reason for the level we're estimating this year is that we expect the revenue inflows are going to be such that we will not have to borrow as much on the short-term interim basis as we had to do this year. We did it in order to finance the ongoing operations of the government while we waited for our expected revenues to come in throughout the year.

**MR. ROUSSEAU:** — Well for your revenues, first of all, you estimated \$21.5 million last year, so that's only \$3.5 million or 15 per cent, plus your expenditures are only 50 per cent. Interest rates from 12 to 18 per cent (using that figure) and it wasn't 18 all year. It was 18 for part of the year. So that 50 per cent really isn't accurate either. But your actual cost is almost 100 per cent. So your answers aren't very credible on that point simply because it doesn't add up. You're saying \$30 million, which is close to 100 per cent increase; the 12 to 18 per cent is about 50 per cent increase for part of the year, not for all year and your revenues are only up by 15 per cent.

**HON. MR. TCHORZEWSKI:** — There are three points I have to make. The increase in the interest rate was an increase of 50 per cent — 12 to 18. Secondly, we've had to borrow more. And I said earlier that we've had to borrow more. But also our cash flow of revenues coming in was slower than we anticipated. They're still coming in, but they're not coming in as quickly as we had estimated. We have not been able to earn as much interest because we've had to use some of those funds which otherwise would have earned some interest. So I think the whole thing balances out very well.

**MR. ROUSSEAU:** — It doesn't balance out at all. You know you're contradicting yourself. You say your revenues weren't as fast coming in as you anticipated but your revenue interest is higher. So they must have come in, in order to earn the extra 15 per cent. Then you're saying a 50 per cent increase in the interest rate, Mr. Minister, which was not for all of this year. It might have been for four or five months, which doesn't give you a 50 per cent increase. The 18 per cent went up last fall so you went six months at least in that 12 or 13 per cent range. I'm concerned you have estimated that amount of money because I don't think that's realistic at all.

Item 1 agreed.

Items 2 to 23 inclusive agreed.

Vote 11 agreed.

#### **INTEREST ON PUBLIC DEBT — GOVERNMENT SHARE**

**FINANCE**

**Ordinary Expenditures — Vote 12**

Item 1 agreed.

Vote 12 agreed.

**CONSOLIDATED FUND DEBT REDEMPTION, SINKING FUND AND INTEREST PAYMENTS**

**FINANCE — Vote 55**

**Item 1**

**MR. ROUSSEAU:** — This is four times what it was last year. Is that just based on repayment schedule?

**HON. MR. TCHORZEWSKI:** — That's Crown corporation debt and more of it is coming due this year than came due last year. So that s a figure that reflects that.

Item 1 agreed.

Vote 55 agreed.

**Vote 56**

Item 1 agreed.

Vote 56 agreed.

**Vote 57**

**Item 1**

**MR. ROUSSEAU:** — Mr. Chairman, on that one, the increase is not nearly what it is on the other one. I presume it's because it's long-term?

**HON. MR. TCHORZEWSKI:** — Right.

Item 1 agreed.

Vote 57 agreed.

**HERITAGE FUND**

**BUDGETARY EXPENDITURE (RESOURCES DIVISION)**

**FINANCE**

**Ordinary Expenditure — Vote 12**

**March 30, 1981**

Item 1 agreed.

Vote 12 agreed.

**HERITAGE FUND**

**LOANS, ADVANCES AND INVESTMENTS (RESOURCES DIVISION)**

**SASKATCHEWAN MUNICIPAL FINANCING CORPORATION**

**Vote 39**

**Item 1**

**MR. ROUSSEAU:** — Why would we be voting on that tonight before we bring that Crown corporation out?

**HON. MR. TCHORZEWSKI:** — Because I am the minister responsible for the Saskatchewan Municipal Financing Corporation. As I understand it, this is simply heritage fund. I indicated in the budget speech that we are going to provide funding to the municipal financing corporation from heritage fund revenues. That's what this is and that is what is identified, so I don't really think it concerns the annual report which we will be considering.

Item 1 agreed.

Vote 39 agreed.

**CONSOLIDATED FUND BUDGETARY CASH OUTFLOWS (SUPPLEMENTARY)**

**FINANCE**

**Ordinary Expenditure — Vote 11**

Item 1 agreed.

Vote 11 agreed.

**HERITAGE FUND**

**BUDGETARY EXPENDITURES (RESOURCES DIVISION — SUPPLEMENTARY)**

**Ordinary Expenditure — Vote 12**

Item 1 agreed.

Vote 12 agreed.

The committee reported progress.

The Assembly adjourned at 10:12 p.m.